

Malaysia sees a major overhaul of its Employment Act 1955

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The 1st of January 2023 brought transformative changes to the employment ecosystem in Malaysia - from the expansion of the application of the Employment Act to all employees (regardless of occupation or wages) to the introduction of new provisions on sexual harassment and discrimination.

Our info-graph below lays out, at a glance, all key changes to the Act that have come into effect.

To comply with and implement these changes, employers need to:

(1) Audit and review their Employment framework, for example:

- Employment Contracts;
- Employment Handbooks;
- Employment Codes of Conduct;
- Flexible Working Arrangement Policies;
- Sexual Harassment and Workplace Harassment Policies;
- Sexual Harassment Prevention Notices; and
- Overtime Policies.

(2) Update, amend and introduce the necessary changes to their employment framework, with immediate effect.

Our employment law team at Azman Davidson & Co, comprising Sonia Abraham, Arjun Kumar and Kwong Jia Yuin have been assisting employers prepare for these changes and are able to provide pro-active and practical advice to assimilate the new policies and systems into the workplace and work culture.

AMENDMENTS TO THE EMPLOYMENT ACT 1955

EFFECTIVE AS OF 1 JANUARY 2023

Expansion of the Act to **all** Employees regardless of their occupation and monthly wages.

Overtime pay, payment for work done on rest days, public holidays and half-working days, termination, layoff and retirement benefits and payment of allowance during shift work will apply to Employees:

- (1) who earn **RM 4,000.00 and below**; or
- (2) who **irrespective of wages earned** are:-
 - employed as manual labourers or supervisors of manual laborers;
 - engaged in the maintenance and operation of mechanically propelled vehicles;
 - employed as domestic servants; or
 - employed on seagoing vehicles.



Apprenticeship

- Pre-Amendment: Contract of more than 2 years.
- Post-Amendment: Contract of **more than 6 months** but **less than 2 years**.



Maternity Leave

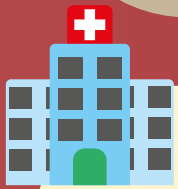
- Pre-Amendment: 60 days.
- Post-Amendment: **98 days**.



NEW

Paternity Leave

- Married male Employees are entitled to **7 days** of paid paternity leave.



Hospitalisation Leave

- Pre-amendment: 60 days of paid leave, minus any non-hospitalization sick leave already taken.
- Post-amendment: 60 days of paid leave, **in addition to** non-hospitalization sick leave.

Reduction of Normal Working Hours

- Pre-Amendment: 48 Hours per week.
- Post-Amendment: **45 Hours** per week.



NEW

Discrimination

- the Director General can inquire into and decide any dispute between an Employee and Employer relating to discrimination in Employment.



NEW

Flexible Working Arrangements

- Employees may apply for a flexible working arrangement to vary the hours of work, days of work or place of work.
- Employers must decide within 60 days and produce written grounds if application is refused.



NEW

Sexual Harassment

- Employers must exhibit conspicuously at the place of employment, a notice to raise awareness on sexual harassment.



Employment of Foreign Employees

- Pre-Amendment: Employers required to inform the Director-General of new foreign Employees within 14 days of employment.
- Post-Amendment: Employers required to obtain **prior approval** from Director-General in order to hire foreign Employees.



NEW

Forced Labour

- Prohibits Employers from threatening, deceiving or forcing Employees to carry out any activity, service or work, and preventing Employees from leaving the workplace.



Penalties

- The penalty for failure to comply with a decision or order of the Director General:

Pre-Amendment: RM 10,000.00

Post-Amendment: **RM50,000.00.**